

Montana Constitution: Section 15. Public retirement system assets. (1) Public retirement systems shall be funded on an actuarially sound basis. Public retirement system assets, including income and actuarially required contributions, shall not be encumbered, diverted, reduced, or terminated and shall be held in trust to provide benefits to participants and their beneficiaries and to defray administrative expenses.

19-2-505. Restrictions on use of funds.

(2) The assets of the retirement systems, including the assets of retirement accounts, may not be used for or diverted to any purpose other than for the exclusive benefit of the members

(3) The assets of the retirement systems remain in trust until a warrant has been negotiated or an electronic funds transfer has been deposited in accordance with law.

19-2-503. Management of pension trust funds. The pension trust funds must be managed as follows:

(1) The board is the trustee of all money collected for the retirement systems

19-20-502. Restrictions on use of money. (2) The assets of the retirement system may not be used for or diverted to any purpose other than for the exclusive benefit of the members and their beneficiaries and for paying the reasonable expenses of administering the retirement system.

MONTANA PUBLIC EMPLOYEES' RETIREMENT BOARD

TITLE: Funding and Benefit Policy

POLICY NO: BOARD Admin 01 EFFECTIVE DATE: 10/8/09

B. The Constitution prohibits anyone from diverting the assets or the actuarially required contributions of the retirement systems. No employee or member of the retirement systems may have an interest in plan assets, borrow or use fund assets,

**IN THE SUPREME COURT OF THE STATE OF MONTANA
NO. DA-09-0270**

**FALLON COUNTY, a political subdivision of the State
of Montana, by and through its Board of Commissioners,
Plaintiff and Appellee,
VS.**

**STATE OF MONTANA, Department of Revenue,
Defendant and Appellant.**

These laws allow local governments to capture and divert both state and local tax dollars for purposes other than those for which they were originally intended.

The local government has the ability to capture and divert a portion of this local tax revenue, regardless of the fact that these mills were originally levied for

STATE ADMINISTRATION AND VETERAN
AFFAIRS INTERIM COMMITTEE

August 20, 2013
Exhibit 21

Section 13. Investment of public funds and public retirement system and state compensation insurance fund assets: a prudent expert

7-1-111. Powers denied. A local government unit with self-government powers is prohibited from exercising the following:

- (10) any power that applies to or affects a public employee's pension



Summaries / Status

Summary of Statement No. 27

Accounting for Pensions by State and Local Governmental Employers
(Issued 11/94)

Summary

The ARC (actuarially required contributions) is defined as the employer's required contributions for the year

Principles and Guidelines for Public Employee Retirement Systems

As adopted by the State Administration and Veterans' Affairs Interim Committee
January 27, 2012

Principles

- I. Pensions should provide the base of financial security in retirement.
- II. Pension funding should be a contemporary obligation.
- III. Pension investments should be governed by the Prudent Expert Rule.
- IV. Pension benefits should be equitably allocated among beneficiaries.

Guidelines

- E. The legislature should require contemporaneous funding of pension benefits to ensure that pension costs are not shifted to future taxpayers